



Year Ending March 31, 2018
Results of 1st Quarter
Settlement of Accounts Supplementary Material
(Apr.1 to Jun.30 2017)

August, 2017

Nichi-Iko Pharmaceutical Co., Ltd.

(Code No. 4541 1st section of TSE)



Mission Statement: The 7th Medium-term Business Plan

Our mission is to provide value-added, high quality generic products which meet the needs of patients, doctors, pharmacists, wholesalers and pharmaceutical companies in the global market as one of the most respected, well established generic companies in the world.



Obelisk
2019

THEME

Use our creativity to establish a commanding presence and expand in the global marketplace

FY2017 Q1 Overview

Net Sales and Operating Profit increase driven by Sagent

(¥billion)

Sales

48.5 ◆ Foreign sales processed favorably

Operating Profit

3.1 ◆ Marginal profit ratio improved by 1.3pt
◆ Unused R&D (¥0.4 billion)

Quarterly Net Profit

1.9 ◆ Tax rate rose due to Sagent consolidation

Results -YOY-

(¥million)

	FY2016 Q1	vs Sales (%)	FY2017 Q1	vs Sales (%)	YOY
Sales	38,029	-	48,513	-	127.6%
COGS	23,948	63.0%	31,814	65.6%	132.8%
Gross Profit	14,085	37.0%	16,701	34.4%	118.6%
SG&A	11,049	29.1%	13,521	27.9%	122.4%
Labor Expense	1,688	4.4%	2,466	5.1%	146.1%
R&D Expense	1,567	4.1%	1,956	4.0%	124.8%
Sales Promotion	5,045	13.3%	5,423	11.2%	107.5%
Others	2,749	7.2%	3,676	7.6%	133.7%
Operating Profit	3,036	8.0%	3,180	6.6%	104.7%
Ordinary Profit	2,526	6.6%	3,202	6.6%	126.8%
Quarterly Net Profit Attributable to Parent	2,000	5.3%	1,964	4.0%	98.2%
Capital Expense	2,082		4,195		201.5%
Depreciation	1,351		2,643		195.6%

Results -vs Forecast-

(百万円)

	FY2017 Forecast	vs Sales (%)	FY2017 1H Forecast	vs Sales (%)	FY2017 Q1 Actual	vs Sales (%)	vs Forecast Full Year	1H
Sales	206,000	-	99,000	-	48,513	-	23.6%	49.0%
COGS	136,500	66.3%	65,600	66.3%	31,814	65.6%	23.3%	48.5%
Gross Profit	69,500	33.7%	33,400	33.7%	16,701	34.4%	24.0%	50.0%
SG&A	60,500	29.4%	29,000	29.3%	13,521	27.9%	22.3%	46.6%
Operating Profit	9,000	4.4%	4,400	4.4%	3,180	6.6%	35.3%	72.3%
Ordinary Profit	8,600	4.2%	4,200	4.2%	3,202	6.6%	37.2%	76.2%
Quarterly Net Profit Attributable to Parent	5,500	2.7%	2,700	2.7%	1,964	4.0%	35.7%	72.7%
Capital Expense	10,568				4,195		39.7%	
R&D Expense	10,626				1,956		18.4%	
Depreciation	10,985				2,643		24.1%	

Results -Segment-

(¥million)

	FY2017 Q1			
	Japan	Oversea	Adjustment	Consolidated
Sales	37,859	10,654	-	48,513
COGS	24,271	7,542	-	31,814
Gross Profit	13,589	3,112	△ -	16,701
SG&A	11,686	1,838	3	13,521
R&D Expense	1,437	519	-	1,956
Sales Promotion	5,337	86	-	5,423
Labor Expense	1,670	796	△ -	2,466
Others	3,242	437	3	3,676
Operating Profit	1,902	1,274	3	3,180

Sagent goodwill
Amortization
¥495 million

Sales Performance by Distribution Channel

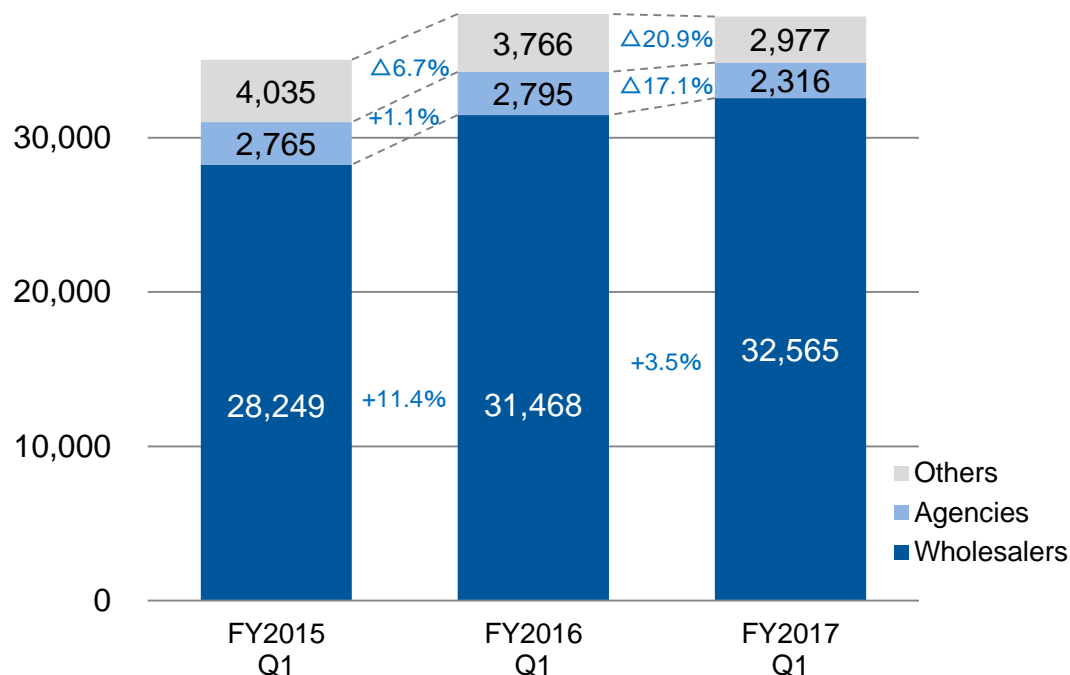
Japan



(¥million)

Distribution Channel	FY2015 Q1		FY2016 Q1				FY2017 Q1			
	Actual		Actual		YOY		Actual		YOY	
	Sales	%	Sales	%	Variance	%	Sales	%	Variance	%
Wholesalers	28,249	80.6%	31,468	82.7%	3,219	111.4%	32,565	86.0%	1,097	103.5%
Agencies	2,765	7.9%	2,795	7.3%	30	101.1%	2,316	6.1%	-479	82.9%
Others	4,035	11.5%	3,766	9.9%	-269	93.3%	2,977	7.9%	-789	79.1%
Total	35,049	100.0%	38,029	100.0%	2,980	108.5%	37,859	100.0%	-170	99.6%

(¥million) 40,000

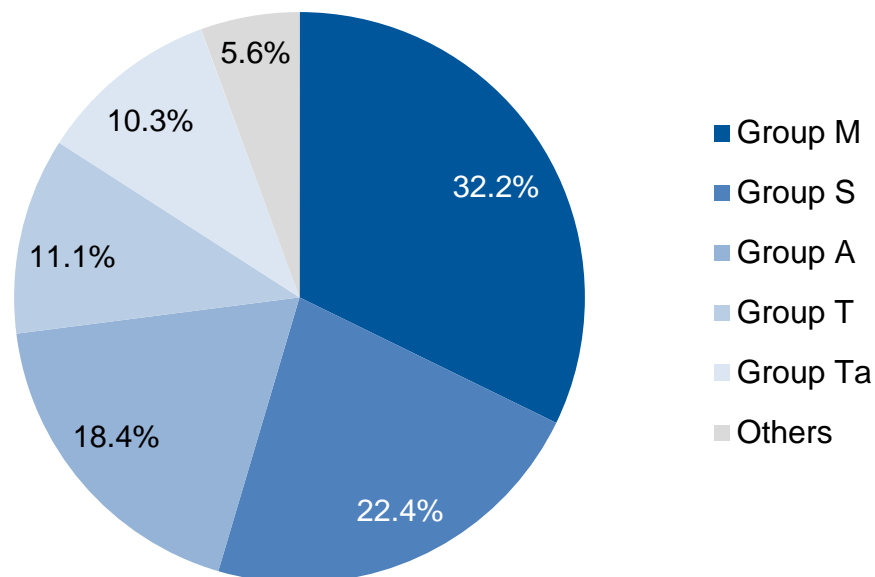


Comparison of Performance by Wholesalers

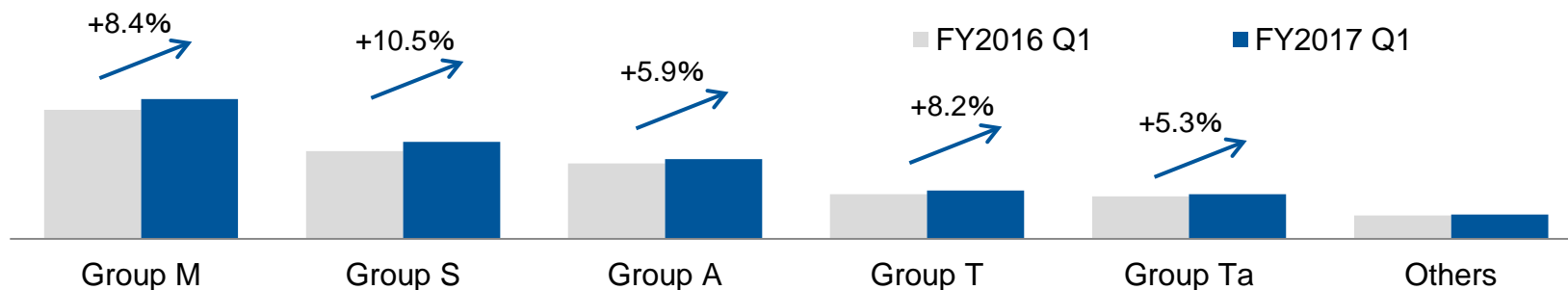
Japan



Share of FY2017 1Q



YOY



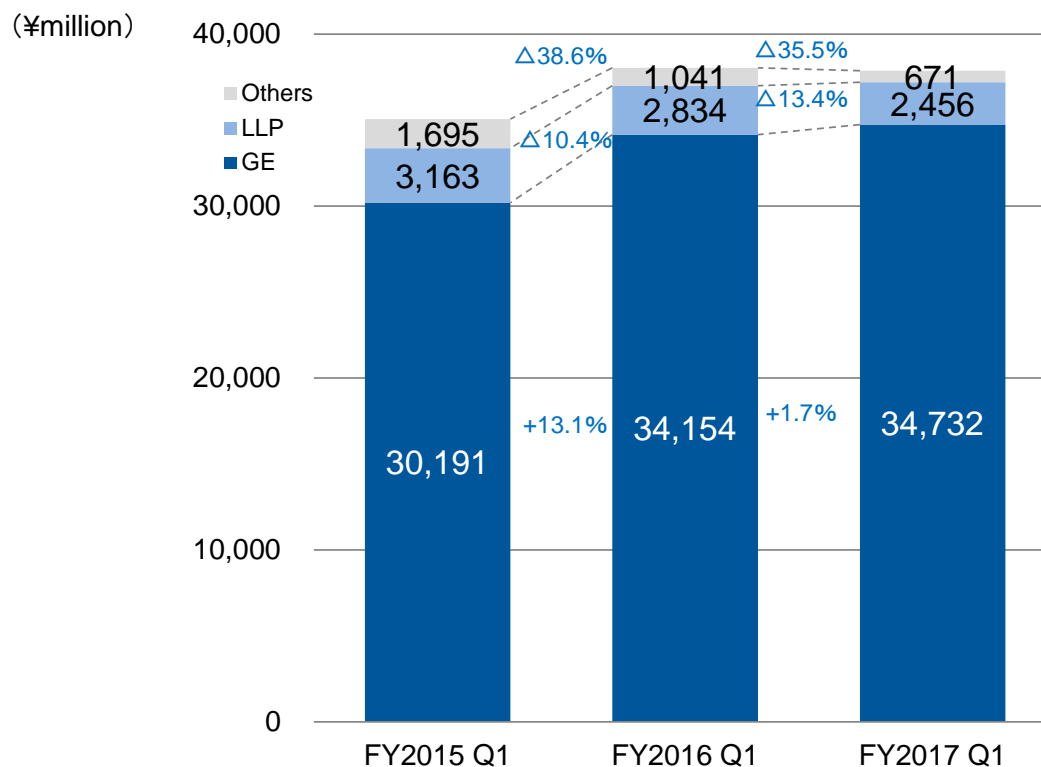
Sales Performance by Category of Products

Japan



(¥ million)

	FY2015 Q1		FY2016 Q1		FY2017 Q1	
	Actual		Actual	YOY	Actual	YOY
GE	30,191		34,154	113.1%	34,732	101.7%
LLP	3,163		2,834	89.6%	2,456	86.6%
Others	1,695		1,041	61.4%	671	64.5%
Total	35,049		38,029	108.5%	37,859	99.6%

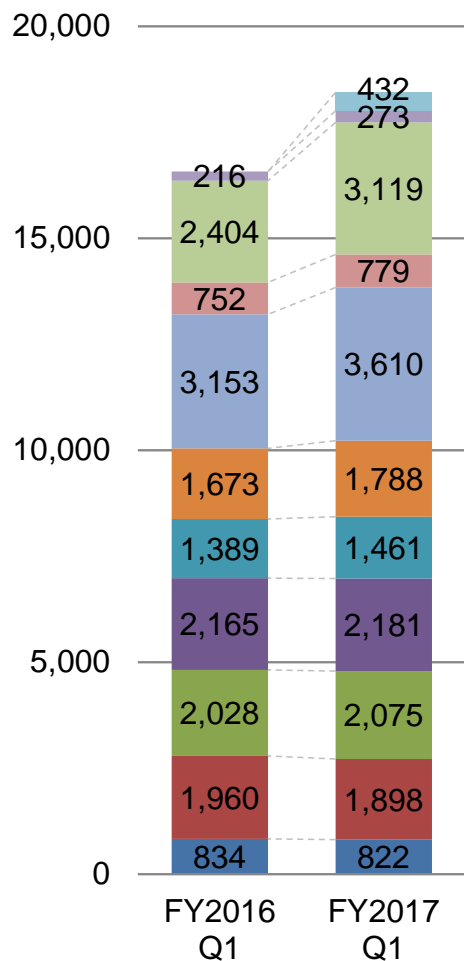


Sales Performance of Generic Products by NHI Listed Year

Japan



(¥million)



(¥ million)

	FY2016 Q1	FY2017 Q1	Variance	YOY
Listed in 2017	-	432	432	-
Listed in 2016	216	273	57	126.4%
Listed in 2015	2,404	3,119	715	129.7%
Listed in 2014	752	779	27	103.6%
Listed in 2013	3,153	3,610	457	114.5%
Listed in 2012	1,673	1,788	115	106.9%
Listed in 2011	1,389	1,461	72	105.2%
Listed in 2010	2,165	2,181	16	100.7%
Listed in 2009	2,028	2,075	47	102.3%
Listed in 2008	1,960	1,898	-62	96.8%
Listed in 2007	834	822	-12	98.6%
Total	16,574	18,438	1,864	111.2%

Sales Performance by Medical Institutions

Japan



GE	FY2016 Q1			FY2017 Q1					
	No. of Clients	YOY Sales	YOY No. of Clients	No. of Clients	YOY Sales	YOY No. of Clients			
All	100,207	113.5%	101.1%	101,270	107.2%	101.1%			
DPC Hospital	1,650	108.0%	100.9%	1,651	110.1%	100.1%			
Pharmacy	54,827	117.7%	102.0%	55,631	107.6%	101.5%			
All Products	Total No. of Institutions in Japan	FY2016 Q1			FY2017 Q1			YOY	
		Sales Composition	No. of Clients		Sales Composition	No. of Clients	Covered Ratio	Sales	No. of Clients
All	-	100.0%	118,565	100.0%	118,958	-	105.9%	100.3%	
Hospital	8,510	17.0%	8,292	17.5%	8,288	97.4%	108.9%	100.0%	
DPC Hospital	1,674	10.6%	1,652	11.2%	1,654	98.8%	112.2%	100.1%	
Clinic	103,505	10.9%	54,822	10.3%	54,457	52.6%	99.7%	99.3%	
Pharmacy	59,312	64.8%	55,451	64.8%	56,213	94.8%	106.0%	101.4%	
Others	-	7.3%	-	7.5%	-	-	107.4%	-	

Forward-Looking Statements



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Contact information for any questions:



Nichi-Iko Pharmaceutical Co., Ltd.

Corporate Planning Office

Phone: +81-76-442-7026

E-mail: ir@nichiiko.co.jp